G. E. S. IX-5]

Previous references.

1925.

(47)

47 File No. 275

Serial Nos (1-14)

Later references.

17-9-25 (13, 14, 16, 18)

GENERAL AND REVENUE SECRETARIAT

Serial Nos. (1-14)

Part B for September 25.

SUBJECT.

Liability of the Mining Companies to pay Income Tax.

Re Kolar Gold Fields Mining Co.
47 4910. 9 1. 9. 25.

Decision to exempt the Gold Mining Companies from

G. R. S. III—1] 1918-19

GENERAL AND REVENUE SECRETARIAT.

(97)

NOTES.

File No. 975-18

FILE HEADING.

Liability of the Mining Companies in Mysore to pay Income Tax.

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

confidential

D. O. No. 34761

2

D.O.No 6671

THE MYSORE RESIDENCY,
Bangalore, 29th August 1917.

My dear Sir M. Visvesvaraya,

Please refer to point 10 in the list of the questions for discussion at Delhi which formed an enclosure to your D.O. letter dated the 7th February 1917.

Would you kindly let me know how the question of the introduction of an Income Tax Act in Mysore now stands and whether

If applied, the Gold Mining Companies in Mysore will be liable under it in addition to pay British Income Tax? I am making these enquiries at the instance of the Government of India

Yours sincerely

H. V. Cobb.

Sir M. Visvesvaraya, K. C. I. E.

Dewan of Mysore

Confidential.

Draft

D. O. No. 5156

Bangalore,

31st August 1917.

My dear Mr Cobb,

I am in receipt of your demi-official letter No.6671 of the 29th August, regarding the introduction of an Income-Tax Act into Mysore and the liability of the Gold Mining Companies to pay the tax under the Act. ~~A reply will be sent to you in due course.~~

The proposals to introduce an Income Tax have not materialised yet, A further reply will be sent to you as soon as possible.

Yours sincerely,

31.8.17

D. 479/17
31. 8. 17.

Confidential.

WD 3048—GPB—1,000—16-7-17

C. 147.
3.11.17.

REPLY.

(To be written on this margin.)

Office of the Dewan of Mysore.

NOTE.

Dated.....August.....1917.

Demi-official letter No.6671 dated the 29th August 1917 from the Hon'ble the Resident in Mysore, regarding the introduction of an Income-Tax Act into Mysore and the liability of the Gold Mining Companies to pay income-tax.

****

Forwarded to the Financial Secretary for favour of preparing a draft reply for consideration in Council and submission to His Highness the Maharaja. He may also kindly collect, for purposes of comparison, information regarding the payment to the State of royalty, taxes, etc., by the Gold Mines on the Rand in South Africa in Australia and elsewhere.

31.8.17

The Financial Secretary.

IMMEDIATE.

A/s Sir

(1) Please put up a draft reply stating that it is intended to make it clear in our act (2) that when the profits are earned in the course of operations by which they will be liable. The gold mines will come under the operation of that clause. State that the Burma practice is similar (Give translation of Rule & section – don't refer to Datia's letter) Begin the letter by clearly stating the stage at which the matter stands.

(2) Write to Dir. of Geology confidentially for information. Sorley's mining royalties other works of reference may be consulted.

31/8

The Director of Geology has been written to

31/8.

Chief Engr. of Mines written to & desired to Dirg. Geo: 31/8.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

The books on royalties mentioned by Mr Hickey has not yet been sent. I have however secured some others and prepared a statement showing the rent and royalties to be payable by the coal mining companies in different parts of the world. These books (6) were received only yesterday and I have been studying them. The books and the statement now prepared are submitted for further instructions.

Hickey). 18 5/9/17.

Please put up clear draft with further information about latest royalty rates in various countries. Corley's book is in the Secrett Library I think.

M 5/9 18/9.

Fair draft submitted

From the books that I have secured I have collected the following information, which is also shown in the tabular statement attached —

1. Rates of rent, royalty in the several Colonies of Australasia, (eg. Western Australia, New South Wales, Queensland, &c), of Transvaal, of China, and of Japan are ~~available~~ — The years for which the respective rates are also given in the table.

2. Those for Western Australia are for 1914, for New South Wales 1901, for Transvaal 1898 & in other cases 1894 —.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

'R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

W

Serial No.

A page 306 1. In all the Gold Mining districts of Australia and colonies, any fixed rents or mining area @ 1£ per acre plus 10 sh for Miners rights - per annum seems the limit.

No royalty is payable on gold produced in all the colonies except New Zealand, on allowance in respect of gold mining lease —

A. page 300.

" In New Zealand an export duty of 2 sh per oz of gold exported appears the limit.

In the other colonies it seems that a lump sum amount is paid by the lessee as consideration for obtaining a gold mining lease.

B - page 106 The form of the lease deed in New South Wales provides for this.

D 2 2. In Transvaal a fixed rent of 10 sh per morgen or 2½ pc on the gross income of the gold mining at the option of the holder of rent is limited annually —

D 1 Provision appears to exist for payment of personal taxes in the Mining district.

Coal levy also a tax on profits of the mining earned; which appears ~~to be calculated~~ to have worked out to 1.s. 6d per ton: — for 1902.

D 3 3. In China - the prov. contribution is 30.0220 % of the output, and

A. page 311 4. In Japan 1 pc of the output with an annual rent of about 15 sh per 4000 sq yds —

A. page 316

NOTE—Contn. sheet.

D479.

WD 1233—GPB—60,000—1-12-16—S

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

W

Serial No.

5. In Mysore the annual rent is a very small amount of 1Re per acre and the royalty payable is 5% of the net profits plus 2½% on all dividends as when declared.

Provision in the mining agreements is also made for the payment of local cesses and other taxes or rates payable in respect of the premises, lands within the mining block — as in other Countries.

N. Prof. (07)

6. The question that the royalty is the only revenue the Mysore State derives from its gold mining, and that no civil taxes of any kind whatever whether direct (eg income tax, export or import duty) are paid by the mining Company was pointedly raised by Sir K. Seshadri Iyer in connection with the renewal of the leases in 1899-1900, and his 'moderate' proposals based on that consideration were not accepted by the Mining Companies —

This is the important consideration.

M
8/9

E

7. The above information is very meagre and does not help very much in the disposal of the question at issue. Attempts will be made to obtain the latest literature on the subject of royalty rates in the Gold mining of different Countries and further note prepared will be submitted.

Hickey.)

M
7.9.17

The draft reply if approved may issue & then the file may be returned for further comparative study of the rates of various countries.

M
8/9

NOTE—Contn. sheet.

1486
8/9/17

Dewan)

No. 167

Office of the Special Officer

Bangalore. 13th October 17.

Dear Mr. Hiriyannaiya,

Herewith a note on the question of the liability of the Gold Mining Companies to pay income tax in case such a tax is introduced into Mysore.

Yours sincerely,

K. L. Datta

The power of imposing new or additional taxation is an inherent fiscal right which belongs to every State and which belongs to Mysore also, subject only to the conditions of the treaty with the Government of India. There is nothing in the treaty repugnant to the exercise of this right and the only condition imposed is that the previous sanction of the Government of India is necessary

2. As regards the Mining Companies, Mysore has undoubtedly the power to exercise its inherent right to impose additional taxation as a part of its fiscal system, subject to the consent of the Gover-ment of India, unless there is anything in the leases granted to the Companies which would debar the State from exercising its right in regard to the imposition of taxes not in force at the time the leases were granted.

3. Then again, I do not think that the fact, whether the royalty paid by the Mining Companies in Mysore is larger or smaller than royalties paid by similar companies elsewhere, has any bearing on the question. The royalty is not a tax at all, but is the proprietor's share of the ores extracted and is paid to the Mysore State as proprietor of the mines under the express terms of the agreements with the Companies and had the mines, as in the case of the Coal Mines in Bengal, belonged to private landholders, the royalty would have been due to such private landlords and not to the State at all. The question whether the royalties paid by the Gold Mines are large or small cannot affect their liability to pay taxes which might be imposed by Mysore as a part of its fiscal system.

4. It is not also correct to say that the Mining Companies do not pay taxes of any kind direct or indirect, other than the royalty. As pointed out above, the royalty is not a tax at all but only the proprietor's share of the earnings and as a fact, the Mining Companies pay all the taxes which they or persons similarly situated would be liable to pay under the laws of Mysore. They certainly come under the revenue laws of Mysore. If they did not pay taxes under the existing laws, it would be

be a strong argument in their favour and against Mysore for exemption from liability to pay income tax also. They pay land revenue and cesses and do not pay any other tax, only because the fiscal system of Mysore does not impose any other taxation to which they are liable,

5. There are thus two points with reference to which the question of the liability of the Gold Mining Companies in Mysore to pay income tax on their profits in the event of the introduction of such a tax in Mysore, should be considered:—

1. Whether the leases granted to the Companies impose any bar on the State to levy an income tax on the Companies, if the State decides to levy such a tax within its territories.
2. Whether there would be any valid objection on the part of the Company to pay an income tax in Mysore on the ground that it already pays such a tax in England.

6. As regards the first point, I can find nothing in the leases granted to the Companies which would debar the State from making the Companies liable to pay any taxes which might be imposed by the State on all the Companies in Mysore. On the other hand, Clause 6 of the leases contains a distinct provision that the Companies should be liable to pay every year all kinds of taxes which would be imposed by the State. The clause runs as follows:--

"<u>And also yielding and paying</u> on or before the 31st day of March in every year, all local cesses and other taxes or rates of every description for the time being payable in respect of the premises or lands within the Mining block or of any buildings or works in or on the same."

7. As regards the second point, the policy followed by the British Government up to the end of 1915-16 was that any income remitted to the United Kingdom from other parts of the British Empire or from other countries was liable to the British Income tax and that the fact that it had already paid income tax in

in the country where it was earned, was not an argument for its exemption from British Income tax. The tax in England was a tax upon income received in the United Kingdom and it was levied without regard to distinctions based upon the nature or the locality of the property from which the income arose. A person receiving income from an industrial business abroad was therefore taxed in the same way and at the same rate as one receiving income from a similar business in the United Kingdom. In short, it was the income which was taxed and not the property or other sources from which the income was derived. It was not considered inequitable that a person who possessed property in one country and spent the income derived from it in another should be subject to taxation in both. Owing to the circumstances of his position, he was protanto a citizen of the two countries and required the protection of two governments. There was therefore no reason why such a person should be exempted from taxation in the country where he spent his income because he had already been taxed in the country whence he derived it and vice versa. Even though there may be many ties which bind India and the Colonial Governments to the British Empire, the systems of taxation in the different parts of the Empire were entirely independent for fiscal purposes.

8. This having been the policy of the British Government, there can be no bar to Mysore levying an income-tax on the profits of the Mining Companies earned in its own territories merely on the ground that the British Government realised a tax on such income paid in the United Kingdom.

9. This was the principle underlying the British Income tax Act until 1916. Since then, however, a new policy has been inaugurated. In that year, the British income tax was raised to 5 shillings in the pound and some of the Colonies also imposed a heavy income-tax. In view of this fact, Section 43 of the Finance Act of 1916 provided for the following relief in respect of Colonial income-tax, the term 'Colonial Income-Tax' being defined as the income-tax charged under any law in force

force in any British Possession or any tax so charged which appears to the Special Commissioners to correspond to the United Kingdom Income Tax. Section 43 runs as follows:--

" (Relief in respect of Colonial Income Tax.) If any person who has paid, by deduction or otherwise, United Kingdom income tax for the current income-tax year on any part of his income at a rate exceeding 3 shillings and six pence proves to the satisfaction of the Special Commissioners that he has also paid any Colonial income-tax in respect of the same part of his income, he shall be entitled to repayment of a part of the United Kingdom income-tax paid by him equal to the difference between the amount so paid and the amount he would have paid if the tax had been charged at the rate of three shillings and six pence, or, if that difference exceeds the amount of tax on that part of his income at the rate of the Colonial income-tax, equal to that amount."

10. The effect of this provision will therefore be that as long as the Finance Act of 1916 continues to be in force, the Mining Companies will not have to pay the income-tax which might be imposed in Mysore as an additional impost but will pay it by deduction from the amount which would be otherwise payable by them to the British Government. So long ~~as~~ as therefore the British Act of 1916 might continue to be in force, an income-tax imposed by Mysore will not impose an additional burden on the Mining Companies as they will get a corresponding relief from the tax now paid by them in the United Kingdom, provided that the Mysore tax does not exceed one shilling six pence in the pound or one and one-fifth anna in the rupee, and the super-tax levied in England.

I would also point out that the question is a legal one and in my opinion before any definite action is taken in the matter, the best legal advice should be obtained.

12. I venture also to express the opinion that the draft D. O., to the Resident goes far too much into details which are not required by the Resident and is unnecessarily apologetic.

He has been told already that the proposal has not materialised yet. The only question which remains to be answered is about the liability of the Gold Mines to pay the tax in addition to paying British income tax. The first part should be answered only after taking legal advice and the answer to the second part is contained in the last portion of my note.

K. L. Datta

13.10.17.

G. R. S. 12]

CONFIDENTIAL.

General and Revenue Secretariat.

File No. of 191 .

Serial No. 1486

Mr. Datta's note dated 13th October 1917 on levy of income-tax in Mysore.

Forwarded, with compliments, to the Government Advocate in Mysore, for favour of opinion.

By order,

Secretary

20/10/17

U.O. No. 22 of 1917-18.

22)

It is an undoubted right of every State, as stated by Mr Datta in his note, to impose new taxes and our State subject to treaty conditions possesses that right & in the exercise of it can legislate for the imposition of an Income tax within the State.

2. If the scope & extent of the operation of the proposed legislation is to be the same as that prevailing in British India I do not see how the mining companies can remain unaffected by it. If the mining companies had taken similar concessions in British India and were making profits there as they do in Mysore they will doubtless be liable

NOTE—Contn. sheet.

C P B—60,000—7-11-18

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

to pay income tax in British India - See Sec 2 cl (3) & 5 read with Sec 4 of the Indian Income tax act II of 1886. The income & profits accruing to the Mining Companies are not such as can be brought within the exemption provided for in Sec 5 of the Act.

3. The principles underlying the Income tax acts in force in England are also the same & they may be briefly summarised as follows: —

(i) Income tax is payable on any income arising from a British Source,

(ii) It is payable on any income which though not arising from a British Source is the income of any person resident in the United Kingdom and is actually received in the United Kingdom

(iii) & a fortiori it is in general not payable on any income which is not taxable under one or the other of the two

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191 .

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foregoing principles -
Under principle (1) as per Sch D
to the Income tax acts of 1842
(5 & 6 Vict. C 35) & 1853 (16 & 17 Vict. C34)
income tax is charged in respect
of income arising or accruing
to any person whether residing
in the United Kingdom or not
from any profession trade manu-
facture adventure or concern
in the nature of trade carried
on in the United Kingdom &
this applies to trades carried
on by Companies or Societies of
persons whether incorporated
or not as well as by individuals.
4. If in England the profits of a
trade or business which is
finally managed & controlled
abroad but which is exercised
or carried on in the United
Kingdom are taxable it follows
on the same principle that in
Mysore the State can legislate
on similar lines. It is also
worthy of note that if an

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

annuity payable in Mysore, ~~xxx~~ received by an agent in Mysore and remitted by him to the annuitant in Madras. Can be assessed to income tax on the ground that the ~~tax~~ income is received in British India within the definition in Sec 3 cl (5) of the Indian Income tax act it is obvious that the Mysore State must have the right to tax the income in Mysore itself where it not only accrues but is first received.

+ see I.L.R. 39 mad. 885

5. It is immaterial to our State whether on profits that are made in Mysore the Gold mining Companies have to pay income tax again in England whether it be on the principle that the income is received in England or on the principle that irrespective of the place where the profit is made the business must be deemed

NOTE—Contn. sheet.

GPB—70,000—17-12-15

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

to be carried on in England where the management of the business is finally directed & controlled. A similar objection raised on behalf of Companies registered in England but making profits in British India did not find favour in the British Indian Legislature. Sir W. Meyer in his speech in the Legve Council on 1-3-17 said as follows:

"Another point which has been
"brought to my notice by my Hon'ble
"friend Mr. Bray is this. In the
"case of Companies & firms which
"make profits in India but have
"also an English domicile they
"are subject to the income tax &
"super tax as well as to ordinary
"Indian income tax. That raises
"what may be called the double
"income tax question which the
"Home Govt have already promised
"to consider & which must
"indeed be considered in
"connection with post bellum
"measures calculated to draw
"the bonds of Empire closer together

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

64

General and Revenue Secretariat. | File No. of 191 .

Serial No.

"But for the present we must take
"things as we find them & we
"cannot give up any portion of our
"ordinary income tax - I may
"point out too that it is not
"exactly a question of full double
"income tax seeing that for purposes
"of Home asst income tax paid
"in India is deducted from the
"assessable income in England"

6. If mining Companies making profits here have a foreign domicile they cannot be heard to say that they are obliged to pay the tax imposed by the law of the place where they earn profits as well as by the law of the place where they have their domicile. If it works any hardship it is the law of the place of domicile rather than the law of the place where profits are made that must be moved to relieve the hardship.

7. The mining leases entered into with the Companies do not absolve them from liability to income tax should it be imposed.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

61

Serial No.

The rent & royalty referred to therein have been fixed without regard to the possible contingency of the imposition or otherwise of income tax in the State. I can find nothing in the lease deeds reserving to the mining Companies a right to deduct pro tanto from the rent & royalty any taxes that the State may hereafter impose & levy to meet administrative exigencies. It is scarcely necessary to say that royalty is only a return to the owner of the soil as compensation for the mineral removed therefrom & is practically rent paid to the land lord. This is the view that has been taken in the leading Case reported in 10 Q.B. 178. Lord Denham C.J in that Case observes that "the "occupation of a mine is only "valuable by removal of portions "of the soil & whether the occupation "is paid for in money or in kind "is fixed beforehand by Contract "or measured afterwards by

NOTE—Contn. sheet.

D 1233—GPB—60,000—1-12-16—S.

Serial No.

"actual produce, it is Equally in
"Substance a rent inasmuch as it
"is the Compensation which the
"occupier pays the land lord for
"that species of occupation which
"the Contract between them allows."
It is obvious therefore that to a
rental based on the quantity of
Mineral that is or may be taken
from a mine the term royalty is
applied. If the extraction takes place
from a Soil belonging to a private
individual, to whom mining rights
therein are ceded instead of to the
State, royalty would in the same
way be payable to the private owner,
and in such an Event Exemption
from general taxation Could of Course
not be claimed. Why then should
different Considerations apply when
the royalty is paid to the State as
land lord?

8. I am therefore of Opinion that in the
scheme of the Incometax act proposed
to be introduced here assuming
that it will be on the same lines
as the Indian Incometax act the

C. 147.
3.11.17.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

Levy of income-tax.

General and Revenue Secretariat. | File No. | of 191 .

1486

Serial No.

Gold mining Companies on the K. G. F. will be liable to be assessed.

25.10.17.

[illegible]
for R. A. Dodd

The Chief Secretary may be good enough to prepare a suitable draft reply for consideration and bring up at the next meeting of Council.

31.10.17. [illegible]

A Draft reply is put up. It will if approved be circulated & brought up at the next meeting of Council.

[illegible]
3/11/17

Dewan)

[illegible]

6.11.17. [illegible]

Circulate

[illegible]
7/11/17

NOTE—Contn. sheet.

WD 3048—GPB—1,000—16-7-17

REPLY.

(To be written on this margin.)

Copy

Office of the Dewan of Mysore.

NOTE.

Dated.....17th January.....*191* 8.

Letter dated the 17th January 1918 (No. 385) from the First Asst. to the Hon'ble the Resident enquiring how the question of the introduction of an Income Tax into Mysore stands.

Forwarded to the Chief Secretary for favour of a draft reply.

By Order.

T.Rajagopal

C.S.
Puttu file
CBS 18/1/18

The papers on the subject are herewith submitted.
H. 18-1-18

A draft reply is pending before Council. The file is submitted. The matter may be considered at the next meeting & the reply issued.

CBS 18/1/18

Dewan 18.1.18

C.S. note for tomorrow's meeting
CBS 30/1/18

3969
28.1.18

Secy: May be approved at tomorrow's meeting.
30.1.18 Ki

As directed at the last Council meeting the file is submitted for orders.

Dewan CBS 28/1/18

WD 1233—GPB—60,000—1-12-16—S.

C.47

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

As instructed by the Council at the last meeting I have selected some of the pending Council cases for being dealt with by circulation with a view to expedite their disposal. These papers are accordingly re-circulated to the Members for favour of approval of the draft reply to the Hon'ble the Resident.

1304
5.3.18.

The 1st member has noted his opinion on the circulation sheet on 5.3.18.

approved ... should have been submitted to the Members in the first instance

6/3

approved.

7.3.18.

Dewan submitted

Dewan

4745
8/3/18

NOTE—Contn. sheet.

Submitted to His Highness.

At the instance of Government of India the Hon'ble the Resident has enquired how the question of introducing Income-tax in Mysore stands and whether if it is decided to do so, the Gold Mining Companies in Mysore would be liable to pay it in addition to the British income tax to which their income is now assessed.

2. The question has been fully discussed and the balance of the non-official as well as official opinion is in favour of the imposition of the tax.

3. As regards the liability of the Gold Mining Companies it is found on examination that these companies derive the largest income in the State and that it would be neither expedient nor fair to the other assessees to exempt them from the payment of the tax. The objection that these companies, if so taxed in Mysore, would have to bear a double burden, having already got to pay the British Income-tax, loses much of its force considering the fact that similar companies working in British India are in exactly the same position.

4. It is accordingly proposed to reply to the Hon'ble the Resident that there is no intention of making any invidious distinction in favour of the Gold Mining Companies and that they would be in a position similar to that of the companies in British India with Head Offices in the United Kingdom.

5. A draft reply in the above terms which has been passed by the Council is herewith submitted for gracious approval.

M. Visvesvaraya

14th Mar 1918.

C. 47

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Draft reply to the Residency in th matter of the imposition of the income ta in the State.

1018

Order.

~~KRW~~
15/3/18

3257
18/3

18/3

Financial Secretary
16.3.18

for the Residency
D. No: 5557 18.3.18.
to placed on file

18.

21.3.

22/3

Confidential

Bangalore
16.3.18

Fair copy

D. O. No. 5557

To

The Hon'ble the Resident in Mysore,
Bangalore.

My dear Mr. Cobb,

In continuation of my demi-official letter No.5156, dated the 31st August last, I write to state that the proposal to impose an Income tax in Mysore has not passed the stage of discussion yet. The question is, however, under the active consideration of His Highness' Government and a Bill has also been drafted on the lines of the corresponding British Indian enactment. A copy of the Bill will be forwarded to you in due course as soon as it is decided to place the measure before the Legislative Council.

With regard to the liability of the Gold Mining Companies under the proposed legislation, it is the intention of His Highness' Government to make the law universally applicable in the State without any invidious distinctions in the matter of ~~exemption from~~ the payment of the tax.

In so far as the payment of the British income-tax is concerned, I believe these companies will be in a position similar to that of companies in British India with Head

Head Offices in the United Kingdom.

Yours sincerely,

14.3.18

D e w a n.

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

1

From the Secretary Treasurer,
John Taylor Sons Coulee, Corporation
Kolar Dy 10.5.1919.

Forward message from John Taylor Sons, London, objecting to the levy of Income tax on the Mining Companies under the proposed Income Tax Act.

Extract from the Dewan Secretary's Note to HH in Legislation file re Income Tax Bill dt 12.5.1919

× × ×

Last para. "In this connection I also submit for His Highness's perusal a letter from the Kolar Mining Board about the Income Tax. The Board will be informed that Govt are not prepared to exempt the Mines from the Income Tax, but that before the Bill is finally passed they will be prepared to receive the representatives of the Mining Board and hear their objections if any."

Sd/ A.R. Banerji
12/5/19

H.H's order
Approved.
sd KRW 19/5/19.

A reply to the Mining Board may be sent from the Financial Dept.

sd ARB
21/5/19.

Draft today sd BS 24/5

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat. ~~2507~~ File No. 2285 of 1918.

Serial No.

Subs with Draft for approval or other order

Butler
24/5/18

Fleming

18
24/5

m
m/s

Issued
25/5

To

2 The Secretary & Treasurer
Messrs John Taylor & Sons Committee,
Coorgaum

No Jl 6388 G.J. 275-18-2 dated 28.5.18
states that Govt are not prepared
to exempt the mines from the income tax
but that before the bill is finally passed
Govt will be prepared to hear the objections
if any of the representatives of the Mining
Board.

30/5/18.
No. Jl 6390 ... G.J. 276-18-2. d: 28.5.18.
Copy of the above is forwarded to the
Secretary.

30/5/18.

To the Labour Secrett: for favour of this section with reference to the Members minute dt 26-5-18

26-5-18

NOTE—Contn. sheet

G. R. S. III-2.

General and Revenue Secretariat. File No. of 191 .

Serial

31[illegible]

COPY OF CABLEGRAM DATED LONDON, 5th MAY 1919, RECEIVED FROM MESSRS. JOHN TAYLOR & SONS.

Referring your cable twelfth April please communicate following to Secretary Mysore Government if Committee agree fully meets case. Message begins.

Referring to bill under which we understand your Government proposes to impose an income tax in Mysore we are requested by all Gold Mining Companies under our management to submit that to this proposal in its particular application to Mines there are grave objections Mines are wasting assets and already pay their full quota of taxation in the shape of Royalty on Gold produced plus tax on profits stop. It is becoming increasingly difficult to keep Working Costs within bounds with the greatly enhanced cost of all supplies and the increasing depth of the Mines stop. Any fresh burden taxation would therefore have serious effect upon life of Mines it would also prejudice raising additional capital which may become essential stop. Directors and ourselves respectfully but most strongly urge that Mining Companies should be exempt from provision of the Bill kindly cable reply. Message ends.

738-3444.
26-5-19.

Recd from Mr. Richards
(of the Nundydroog mines)
= I understand that a copy of the above cablegram was sent to Govt of Mysore & that a telegram in reply has been received = I shall be glad to know the provisions of the Bill as soon as possible - what are they =

26.5.19

Ch. Secy
with Compts

NOTE—Contn. sheet

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

W.

Submitted with the connected papers received today from the Fin' Secty. It will be seen that a reply has been sent in the matter on the 28th instant to the Fin' Secty.

Sd/- 30/5

Subd for perusal
D. M.
30/5

7526-483.
30.5.1919.

II Member

Pesh

A copy of the Fin' Secty's reply may be sent now to Lt Col Richards, Supdt. Mundiwarg mine, with reference to his interview with me on the subject on Monday last. I should like this issue to be cleared if possible

Sd/-
31.5.19
D. M.
31/5

R 2.5.21
D. M.

Draft subd.
Sd/-
31/5

Mail issued to-day
D. M.
31/5

5

To Lt Col. C. Richards
No. G 22072 dy 31-5-19
Forwards copy of the Fin' Secty no. FL 6388 dy 28-5-19, for information

NOTE—Contn. sheet.

General and Revenue Secretariat.	File No.	of 191

Serial No.	
3	Letter D. 2-6-19 from the Secy., John Taylor Hons — requests for the fixing of a date for the deputation.
4	Letter A D. 31-5-19 from the Chairman of the committee — forwarding to the 2nd member a copy of the H. Secy.'s letter D. 2815. Submd. for orders as to the date on which the deputation is to be received. Please see the submission to H. H.

Cost paper

1/6

Secy.) 1/6

To Dewan Saheb for fixing a date.

21/6

Dewan) 21/6

DEWAN'S OFFICE.
Recd. on JUN 23 1919
Reg. No. 8072

Deputation may be received when the bill is introduced & referred to a select Committee

Date may be Communicated later

24-6

Draft.

Secy.) 25/6

NOTE—Contn. sheet.

3195

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

Draft bill.

25/6.

25/6

Issued 25/6

6. The Secy & Treasurer Messrs John Taylor & Sons Concessionaires Gorgaum

No. 12 of 1-7-19

States that a date for receiving the deputations will be intimated later after the Bill is read & referred to a Select Committee.

7 From The Secy & Treasurer of 2-7-19 acknowledges receipt of the above.

NOTE—Contn. sheet.

Messrs. John Taylor & Sons Committee,

Oorgaum,

Province of Mysore,

INDIA.

June. 13. 1919.

The Financial Secretary

to the Government of Mysore

Bangalore.

Sir,

MYSORE INCOME TAX BILL

With further reference to my letter of the 2nd instant, I have the honor to inform you that the following cabled message has been received from Messrs. John Taylor & Sons, London, Managers of the Mines on this Field:-

"INFORM SECRETARY MYSORE GOVERNMENT WE ARE POSTING
"TODAY CONSIDERED PROTEST AGAINST INCOME TAX ON
"MINES WITH SPECIAL REFERENCE TO INEQUITABLE
"CHARACTER LEVY IN ADDITION TO ROYALTIES PAYABLE
"UNDER EXISTING LEASES."

I have the honor to be,

Sir,

Your most obedient servant

Sd./ [illegible]

Ag. Secretary & Treasurer.

"Copy"

D 3365

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

DEWAN'S OFFICE.
Recd. on JUN 18 1919
Reg. No. 7925

The accompanying copy of a letter from the Secretary, Messrs. John Taylor & Sons Committee, OORGAUM, dated 13th June 1919 re: Income Tax Bill is submitted to Dewan for information.

18/6

Dewan,

The case may be examined in the meantime - & a note prepd by A. Advocate

18.6

To Govt. Advocate with ref. to Dewan's order above.

Returned by.

21/6 18

21/6

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

D3335

Income-Tax

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

F.

Copies of the leaks are put up. A copy of the print ± also correction is put up. The main file is in the chief sect. and it is ascertained that it has been ordered to be kept confidential.

hol
24/6.

To deal with confl. branch for having necessl action as pendency is only

24/6

CB.
Let me see the main file

2/7/19

Main file is sent herewith for advocate may be consulted in admn

2/7/19

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

U.S. Fin)

5/7

3298
3355
56-9

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

A X
12 D.

Rec'd letter 8 5th June from John Taylor & Sons, London, since rec'd. A formal acknowledgement is to be D. The file may then be sent to Govt. Advocate

M.
577.

14/7

Rec'd letter 8 5th June from John Taylor & Sons protesting against the levy of income tax.

Forwards with compliments the Govt. advocate for perusal & expressing opinion (A. Kidderpore 80 acres 8 4% B Reserve Tyngs Tollygunge)

14-7-19

A. 11-7-19

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

W.D. No 10/1919-20

7/8/1919.

I have carefully scrutinized the various leases relating to the Gold Mining Companies. There is nothing in them that is in the way of the Government exercising their right of levying Income-tax from the Mining Companies. On the other hand clause 6, of the lease provides that "all local cesses -- and other taxes and rates of every description for the time being payable in respect of the premises or lands within the mining block or of any buildings or works in or on the same" are to be paid. It might be said that the taxes referred to there do not include Income-Tax. -- But that does not matter. The -- right of Government to impose taxes other than those in existence on the date of the leases is thereby tacitly admitted.

We do not, of course, rely on any ~~xx~~ such admissions contained in the leases for the purpose in view.

The

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The right to levy new taxes is one that is inherent in every State -- and Companies, like individuals, are bound to pay them irrespective of - any old taxes they might already be paying or of any other payments - they might be making under the terms of any contract.

The royalty made payable under the leases is in the nature of rent reserved in favour of the Lessor - and is only in the nature of compensation which the Lessee pays the Lessor under the terms of the contract for the removal of the very - valuable portions of the soil.

Assuming that the land-lord in this case was a private Inamdar with rights to the minerals also, instead of Government, could the companies have put forward any objection to - payment of Income-tax on the ground that they were paying rent or royalty to the Land-lord? The fact of payment of royalty, cannot, therefore be set up as a defence to the exercise

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

9 56

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

exercisex of the right of Government to levy Income-tax.

There is, therefore, no legal difficulty, in my opinion, in imposing Income-tax on the Gold Mining Companies.

H. Shaulcross
Government Advocate.
7th August 1919.

Refer Dewan's (Mr. B Ramjas) advice by 18.6.19.

A deputation on behalf of the Mining Companies will wait on the Dewan when it is decided to introduce the I. Tax Bill in the L. Council, and a date for the interview is intimated to the deputation. The Bill will now be transferred to the Legislative Council if approved.

18
9.8.19

connected file put up with this.

25.8.19

Yes. Send
12.8.19

18
14/8

Read
14/8

Chief Sec)

Subd
AAG 14/8

Chief Sec)

D. M.
14/8

seen
20.8.19 Dewan)

C.S.
16/8

D.M.
16/8

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

DEWAN'S OFFICE.
Recd. on AUG 16 1919
Reg. No. 1144

D 646

G.R.S. III—3]

751

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

× p. 20. 29.

Subd

No letter of protest has been received from messrs John Taylor & Sons. This note may be returned to the Finance Section & appd.

Chief Clerk

D.M. 21/8

Further action may be taken in the Finance Section to meet the arguments of messrs Taylor & Sons & to arrange further meeting proposed & decide in what shd be done.

Yours with Compliments

CBS 22/8

D.M. 22/8

Sub for advice.

Yours

JS 22/8

PTO

RECEIVED
22 AUG 1919
D646

533 26/8

N.B.—Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.

Serial No.

In their cablegram dated 5th May 1919, Messrs. John Taylor & Sons stated that "Directors and themselves respectfully but most strongly urged that Mining Companies should be exempt from provisions of the Bill." In reply to this, they were told in our letter dated 28th May 1919 that "Government were not prepared to exempt the Mines from the Income-Tax but that before the Bill was finally passed, Government would be prepared to receive the representatives of the Mining Board and hear their objections, if any". On receipt of this answer, they enquired "on what day it would be convenient for Government to receive the deputation and we told them that "the date would be communicated later on after the Bill was introduced in the Legislative Council and referred to a select Committee."

2. The representation of the Companies, which is stated by them to be "a very respectful but firm remonstrance" is contained in letter dated 5th June 1919 from Messrs. John Taylor & Sons, London.

The arguments urged for exempting them from the proposed levy of income-tax are the following:

(1). The leases were renewed in 1910 on terms more favourable to the State, including royalty on dividends which latter was, in effect, an income tax. -- There was neither, then, nor subsequently, any reservation asserted of the State right to levy an income tax in addition to royalty. The Companies cannot but regard the present proposal as anything short

of

Serial No.

of an addition to the royalty already fixed. To impose now an entirely unforseen burden in the shape of an income-tax is an inequitable proceeding.

(2). In recent years, the returns and profits of the Mines have rapidly decreased owing to lower grades of ore and increased costs of working. A sudden and unprecedented addition to the costs of working such as the proposed income-tax would render the outlook clouded and uncertain and the raising of capital required for developments more difficult and even impossible, and

(3). Government and the Companies have had reciprocal sources of advantage. The market for electric power, and for water of the Bethamangala Tank, the enhanced excise revenue and employment found for labour in the neighbourhood of the Fields are instances of advantage to the State and they give the Companies a claim to special consideration in the form of exemption from income-tax.

3. Argument No.1 is of a legal character and the Companies contend that no new taxes can be imposed on them under the existing leases and to levy the income-tax now, would be inequitable. This argument has been examined by the Government Advocate and he has expressed the definite opinion that the view of the Companies is untenable. A few remarks on the statements of the Companies in support of this argument of theirs may be made. The royalty term in the leases that were in force prior to 1910, was very

unfavourable

Serial No.

unfavourable to Government and it had long been under consideration to revise it at the next renewal of the leases with a view to increase the amount payable to Government. The leases that came into force in 1910, should be considered as removing to some extent the disadvantage to which the previous arrangement had subjected Government and not as making the terms more favourable to the State. The clause in the new leases relating to the payment to Government, of a share of profits as royalty has not properly expressed the intention of the parties and it is consequently being interpreted in a way that works to the detriment of Government's interests. I have submitted a note on this subject. The object of the revision made in the new leases of 1910 was to increase royalty and after protracted discussion and correspondence, it was considered advisable to add to the royalty payable to Government by taking a share of profits in addition to 5 per cent. of gross output, instead of increasing the latter percentage. The correspondence that led to the revised term about royalty in the leases of 1910, leaves no room for doubting the nature of the additional payment demanded of the Companies. It is royalty pure and simple and it is untenable to characterize it as "in effect an income tax".

The contention of the Companies that any levy in the form of an income tax is "an addition to royalty" is also untenable as what is now proposed

is

Serial No.

It will be seen from the above statement that the working cost of the Indian Mines has increased in the last four years, and this is chiefly attributable to the conditions caused by the War. The rise in the case of the Transvaal Mines is noticeable in the last three years. which are also included in the pericd of the War and in the case of this rise, the causes were the following as ascertained by the -- Gold Production Committee, which submitted its Report on 29th November 1918:-

1. Increased cost of Mine supplies, —

2. Increased Gold realization charges, including insurance and freight.

3. War bonuses and increases in wages to employees.

4. Allowances to employees on active service.

5. War levy in South Africa.

The following are the observations of the Gold Production Committee as regards the above items

Item No.1.--"Peace may be expected to bring about the immediate disappearance of such part of the increase in item No.1 above, as is due to the increase in cost of freight and insurance but how soon prices will return to normal we do not venture to predict. One of the witnesses in South Africa gave nine months as the period likely to elapse before they would do so."

Item No.2.--"The increase in the cost of insurance and freight according to our witnesses may be expected to disappear when peace is signed.

NOTE—Contn. sheet.

It

Serial No.

is the imposition of a tax by Government under the operation of a general Law for making the incomes of individuals ~~and~~ and concerns contribute to the revenues of Government and not an additional rent or royalty demanded from a lessee by a lessor.

The Companies state that to impose now on the Gold industry an unforeseen burden in the shape of an income-tax would be an inequitable proceeding. It would scarcely be equitable to make an exception of this industry while the profits of every other industry are laid under contribution.

4. The second argument is that the lower grades of ore and the increased working costs have reduced the returns of the Mines and that if an income-tax is added to the charges to be borne by revenue there would be "danger not only to the prosperity but to the very existence of the most valuable industry in Mysore", and that the raising of capital required for development work would be rendered difficult, if not impossible.

Particulars of yield and working cost per ton milled are available in respect of only the Transvaal Mines and the subjoined statement compares the conditions in the Transvaal and India for nine years. The only important Gold Mines in India are those of Mysore and the figures for India given in the statement serve the purpose of the comparison made.

	1910.		1911.		1912.		1913.		1914.		1915.		1916.		1917.		1918. Estimated.	
	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost	Yield	Working cost
Transvaal	1-8-6	0-17-7	1-7-11	0-18-8	1-9-0	0-18-8	1-7-9	0-17-11	1-6-6	0-17-1	1-6-3	0-17-5	1-6-8	0-18-1	1-7-1	0-19-2	1-7-9	1-1-1
India.	2-12-9	1-6-8	2-12-2	1-6-0	2-12-9	1-6-7	2-12-9	1-5-11	2-12-9	1-6-6	2-13-4	1-7-8	2-12-6	1-7-11	2-14-3	1-10-2	2-16-10	1-12-4.

NOTE—Contn. sheet.

Serial No.

It is believed that to a large extent it has already done so, the cost of freight and insurance being now very little over pre-war level."

"With regard to item No.3, while an immediate decrease in wages cannot probably be expected, war bonuses should in time disappear."

"Items Nos. 4 and 5 will presumably also disappear at peace."

The causes which contributed to raise the working costs of the Transavaal Mines must have influenced those of the Indian Mines also and as stated by the Gold Production Committee, a large part of the increase attributable to the War should be taken to be temporary and likely to disappear as normal conditions are gradually re-established. The enhanced working costs due to the war conditions cannot therefore, be urged against the imposition of Income Tax.

I note below the rates of dividends (in %)a paid by the Kolar Gold Mines and a few big Transval Mines during the last 7 years.

	Names of Mines.	1912.	1913.	1914.	1915.	1916.	1917.	1918.	Average
Transvaal.	Brak-Pan Mines ..	40	32½	30	40	45	47½	32½	38
	City Deep	12½	17½	23¾	33¾	45	45	27½	29
	Crown Mines, Ltd. ..	110	110	85	65	50	40	20	69
	Govt.Mining Areas, Modderfontein, Consolidated, Ltd	..	..	..	..	..	12½	27½	20
	Modderfontein Gold Mines	20	45	55	67½	77½	85	82½	62
	Do Deep Levels, Ltd.	..	..	..	35	67½	95	97½	71
	New Modderfontein Gold mining Company, Ltd..	30	30	31¼	32½	32½	40⅝	30	33
	Van Ryn Deep, Ltd. ..	..	7½	25	32½	40	42½	45	32
My sore	Mysore G.Mining Co.Ld.	125	125	115	110	95	85	45	100
	Champion Reef &. do	50	50	53⅓	56⅔	40	40	26⅔	45
	Ooregam Gold Mining (Pre.	40	42½	45	40	40	40	35	40
	Company, Limited (Ord.	30	32½	35	30	30	30	25	32
	Nandydroog Company, Ld.	41⅔	35	35	35	35	33⅓	22½	34

NOTE—Contn. sheet.

Serial No.

It will be seen from the above statement, that the dividends declared by the Kolar Gold Mines do not on the whole compare unfavourably with those paid by some of the large Transvaal Mines. On the other hand, taking the average devidends declared, the Mysore Mines are decidedly better than five out of the eight large Transvaal Mines taken for comparison. If, as stated by the Gold Production Committee, the working costs which have been high owing to the war, will go down, the Comapnies can, other conditions remaining unchanged, make larger profits and declare higher dividends. The rates of dividends that have so far been paid, even under the adverse conditions caused by the War, are sufficiently high and there should be no objection to the ~~xxxx~~ levy of the income-tax even if it is likely to reduce slightly the present level of annual dividends.

We may now see what payments will have to be made by the Companies on account of income tax and if such payments would at all adversely affect their ability to declare dividends. The maximum rate of ~~xx~~ tax proposed is one anna in the rupee, i.e., 6¼ per cent. The following statement shows the working profits of the Companies in the last seven years, the dividends declared and the appropriations made for Reserve Funds and for capital expenditure.

(Please see the next page)

NOTE—Contn. sheet.

G. R. S. III-2]

H 8646

General and Revenue Secretariat. | File No. of 191 .

Company.	Year.	Serial No.	Working profits.	Contribution to Reserve Fd.	Used for Capital Expre.	Dividends	Mysore Income Tax on the assumption that even the whole profits are Chargd
			£	£	£	£	£
Mysore Company ..	1912		513,846	25,000	37,005	213,500	32,115
	13		490,269	25,000	65,064	213,500	30,642
	14		488,859	...	84,979	213,500	30,554
	15		473,443	...	80,407	213,500	29,590
	16		450,534	...	98,024	183,000	28,158
	17		404,296	...	100,137	183,000	25,269
	18		264,521	...	51,576	76,250	16,533
Champion Reefs ..	1912		190,201	15,000	34,280	78,000	11,888
	13		195,273	15,000	35,794	78,000	12,205
	14		201,634	15,000	21,927	78,000	12,602
	15		210,108	15,000	19,010	78,000	13,132
	16		172,400	10,000	11,584	52,000	10,775
	17		155,574	5,000	924	52,000	9,723
	18		99,962	...	...	34,667	6,248
Nandydroog	1912		172,969	...	23,413	75,467	10,810
	13		144,553	...	36,053	61,317	9,035
	14		141,802	...	35,824	61,317	8,863
	15		143,896	...	38,694	61,317	8,994
	16		154,570	...	39,639	61,317	9,661
	17		141,558	...	40,502	61,317	8,847
	18.		123,425	...	35,454	28,300	7,714
Ooregam Co. ..	1912		154,535	15,000	5,293	65,416	9,658
	13		170,924	15,000	5,220	65,416	10,683
	14		173,337	15,000	...	66,116	10,834
	15		160,220	5,000	1,565	66,116	10,014
	16		167,349	5,000	3,443	66,116	10,459
	17		170,282	5,000	3,773	66,116	10,643
	18		143,782	5,000	9,472	48,077	8,986

NOTE—Contra. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

Serial No.

The last column in the above statement -- shows what tax would have had to be paid to the Mysore Government if the income-tax had been imposed in the last seven years. It will be seen what large amounts are being diverted out of profits for capital expenditure. The imposition of the income-tax would only reduce the sums used for capital expenditure or set aside for Reserve fund and there is no reason to fear that it would result in the reduction of the rate of dividends which the Companies have so far been able to pay. But even if the levy should decrease dividends, the reduction would not be large and the reduced dividends would not compare unfavourably with those paid by some of the large Transvaal Mines.

There is another point for consideration in this connection and I refer to the relief which the Companies will get in the income-tax payable to the Home Government, under the operation of the principle recognized in Section 43 of the Finance Act of 1916 and repeated in the Finance Acts of subsequent years. The general question of the double income-tax to which incomes of individuals and firms in the United Kingdom, earned in dominions beyond the seas is subject, is under the consideration of the Royal Commission on Income Tax, which is now sitting in London and from accounts published in newspapers, it appears that some permanent arrangement for removing the existing hardship is likely to be adopted. I ~~repr~~ annex ~~duce below~~

an

NOTE—Contn. sheet.

G. R. S. III-2)

H 8646

General and Revenue Secretariat. | File No. of 191 .

Serial No.

an extract from the evidence of Sir Charles Campbell McLodd before the Royal Commission on double income-tax as it specially affects India. The Kolar Gold Mining Companies are in these circumstances not likely to be burdened with the Mysore Tax as they may be relieved of it wholly or partly according to the principle recognized in the Finance Act of 1916 or any other permanent arrangement that may be introduced on the recommendation of the Royal Commission.

The Kolar Mines have so far escaped double income-tax as they have paid nothing in this form to the Mysore Government. If their profits had been earned in British India or any Colony they would have had to submit to the levy by both the Government of the United Kingdom and the Government of the country in which the profits were made. In such circumstances, the objection to pay the tax now proposed is unreasonable and as I have stated above the Mines may not also have to pay the whole or part of the Mysore Tax if any permanent arrangement for solving the question of double income-tax is introduced.

When the Kolar Gold Mines are declaring higher dividends than some of the big Mines of the Transvaal, when the burden of the Mysore tax is not likely to fall on them, when even if it does fall on them, it is not likely to reduce the dividends appreciably, and when the slightly-reduced rates of

dividends

NOTE—Contn. sheet.

Serial No.

dividends will be attractive enough, there is no foundation for the fear of the Companies that the imposition of the income-tax will be a "danger not only to the prosperity but to the very existence of the most valuable industry in Mysore" and that it will "render the raising of capital required for development of the Mines, difficult, if not, impossible."

5. The Balghat Mine is not considered in para 4 supra, as it does not work at a profit in some years and even when it makes a profit, it is insignificant and no question of paying any large sum in the form of income-tax arises. The Compar has not declared dividends for many years.

6. Argument No.3 need not be considered at ar length. As admitted by Messrs. John Taylor & So themselves, the Cauvery Power Scheme and Kolar Fields Water Supply projects are of mutual bene to Government and the Companies and the latter ca not claim exemption from the levy of income-tax b cause they buy power and water from the Mysore Government. That the Mines find employment for labour in the neighbourhood and that labour employed by them contributes to the excise revenue of the State are also no reasons to support the contention of the Companies for being freed from the liability to pay income tax. A large number of labourers brought together by an industry increases the responsibilities of government and adds to

NOTE—Contd. sheet.

public

Income-Tax

H D 646

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

public expenditure in many directions in the interests of general administration. Instead of claiming exemption from taxation, the employer o labour on a large scale should contribute to the State revenues from his profits for the condi[tion] favourable to his industry ~~which~~ for which he is indebted to the Government under which he carries on his business, ~~provides for him~~.

DEWAN'S OFFICE.
Recd. on DEC 15 1919
Reg. No. 4081

3500-15.
24.11.19.

Dewan Bhai!
First Member.

21.11.19

18/29

Messrs John Taylor Bonis Committee are only making a figure to the last & that is all. It appears to me that we have quite a good case & that the arguments put forward by the Com. are untenable. They are only in the nature of official pleading

Reed
11.12.19

No action is called for at present. It will be time to consider it & the whole question when the Com. Report is published.

5.12.19

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-19—S.

FED 646

Extract from the evidence of Sir Charles Campbell McLodd.

*****

** ** **

"Double taxation reacted adversely upon the ' -- Indian exchequer and retarded the development of India's natural wealth and staple industries, because her trade and commerce were largely financed by capital belonging to British subjects, who are called upon to pay double Income-tax in respect of their Indian interests. Income arising in India, should be regarded, he said, as a preserve sacred to Indian Exchequer. Where the income was that of a man who had worked in India, made his money - there, and left it there for the purpose of his business though he himself resided in the United Kingdom, he suggested that in any case, the British income tax should - only be levied on such Indian income as was remitted to England. The main object to be achieved, he submitted, was to avoid the tax-payer having to pay two income-taxes within the Empire and that the distribution of any tax raised should be a question of negotiations between the Mother country and the Dominions."

Pl. D. 1933

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191

Serial No.

Retd with orders of today.

8. Letter dt 6-12-1919 from Secy & Treasurer John Taylor & Sons ...

In continuation of my note dated the 21st November 1919 regarding the remonstrance of the Kolar Gold Mining Companies in regard to the proposed imposition of income-tax, I submit, for orders, a letter received today from the Secretary and Treasurer, Messrs John Taylor & Sons' Committee, enquiring if the Government have anything further to communicate to the Companies in regard to the income-tax legislation.

I have put up a draft acknowledging the letter and refering the Secretary and Treasurer to the reply already given in the matter.

Dewan

Hd Asst-Secretary — 8-12-19

3810-258
11-12-19

DEWAN'S OFFICE.
Recd. on DEC 17 1919
Reg. No. 4091

7/12

Secy.

12-12-19

Dewan

Draft slightly revised & appd. by the Dewan 20/12.

9 71 3900 29-12-19 — 10 (

Messrs J. Taylor & Sons committee states that the date for hearing will be fixed after the bill is introduced

NOTE—Contn. sheet.

G. R S. III-2]

General and Revenue Secretariat.

File No. 916 of 191

Serial No.	
10.	From Messrs John Taylor thro- & 31-12-19 — ackdg. receipt of the bills & 29-12-19. Submd for perusal. 21.1.1920 20/1 20/1

NOTE—Contn. sheet.

~~476~~
~~467~~

G. R S. III-2]

General and Revenue Secretariat. | File No. 275 of 1918.

Serial No.

(1) H 7204 & 8-4-20 — to Messrs John Taylor & Sons committee intimating that the Deputation will be received on the 15th at 12 noon

5567 8.4.20 — Send to the III Member for perusal —

hol 8/4 — hol 9/4 — 16 8.4.20

12. Letter & 10-4-20 from John Taylor & Sons acknowledges receipt & 8.4.19

hol 8/4 — hol 9/4

The Select Committee meeting may be fixed for 16th ~~[illegible]~~

hol

18 19/4

Yes)

The Deputation will be heard by the Dewan & Members in the Council Chamber. The Fin Secy will have to be present & if necessary the Comptroller. I do not think it will be necessary to have the Director of Geology or other technical men in attendance.

Yes) 10/4 12/4

Submit 12.4.20

NOTE—Contn. sheet.

noted — What officers should be present when the deputation is received has to be settled — The particular room in the Public Offices buildings in which the meeting will be held has not been noted in the letter addressed to the Companies. The Secy Legislative Council may be asked to arrange for all details relating to the meeting

[illegible] To the Chief Secy 9.4.20

[illegible] Returned with compliments

Serial No.

The date of this meeting is changed to 17th inst. & 30th as the Finance Minister is absent on the former date & the latter day is not convenient to most members which had been agreed upon at the last meeting.

The Financial Secretary will

Draft 12.4.20 As instructed by the Chief Secretary the Comptroller has been requested to attend the meeting & to have all necessary papers ready.

Draft Please issue notices by 4 p.m. today & re-submit this file as it has to be sent to the Comptroller at 5 p.m. The file should be obtained on the 16th morning. In the meantime please separate this portion containing the alterations of the Govt. British Act & send it to the Hon: Secs.

D.M. 12/4/20

Issued 466 - 475 & 12-4-20. S.C.

Please send this file to the Comptroller to-day.

Seen and returned with compliments

D.M. Miller

14.4.20

D.M. Miller

NOTE—Contn. sheet.

D 3454

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

347
13/4/20

The attached letter re the morning deputation in connection with the Income Tax Bill is sent for information.

Dewan Bahadur
First and
Third Members

Sec
12/4/20

The Chief Secretary informed deputation, that they may be present at the meeting of G.A.D. may also write the Secy he asked the President to see Mr.

Sec
14.4.20

187
14/4

5708
14.4.20

Kabir
14/4

To the Chief Secy

Sec 14/4/20

As desired in person, the demi-official letter to Mr. C. S. Doraiswami Iyer Govt. Advocate to be requesting him to be present at the meeting was issued yesterday.

Tay
15/4

NOTE—Contn. sheet.

Serial No. 13

Letter 9 30-6-20 from John Taylor & Sons.

Invites attention to the Mining Board's representation of 15-4-20 regarding the position of the mining companies in connection with the Mysore Income Tax Regn.

1) The papers relating to the Mining Bd's representation are not found in the Revenue Secretariat. The Chief Secretary may be asked to put up the papers if any.

Rev Secy) 3/7

2) Yes 3.7.20

3.7.20

Chief Sec'y. Chief Sec't (Mil D. Branch).

3) There are no papers relating to the Mining Boards representation in the matter in the M. D. Branch. The confidential or the Legislative Branch may be consulted.

Mil. 6-7-20. Rev Sec't) 4) 6/7/20.

5) To the Supdt. Fin. Sec't for kindly putting up the papers, if any, on the subject.

RM 7/7

6) The papers are perhaps in the Legis. Br.

7) The Chief Sec't says that no such papers are with them. The Chief Sec't Legis Section is requested to kindly note whether the papers under reference are with them.

RM 7/7

Rev Sec't)

RM 7/7

CHIEF SECRETARIAT. IV MINOR Depts. 8 JUL 1920

FINANCIAL SECRETARIAT. BANGALORE. JUL 1920

NOTE—Contd. sheet

6-7-20.

367

Serial No.

Subd. with Income tax file
The mining Boards' original
representations are flagged
R & D.M.

a) Re the time when and the officer by whom the deputation was heard, please see pages 29 to 30 of the note in the file
No further information is available in the legislature section on the subject.

To The Revenue Secty

b) Subd for orders.

The representation of the M. B^s has also been referred to in the D.F.N.
~~The~~ The Protection Branch file relating ~~to~~ to the passing of the Regulation is silent as to what reply was given to the deputation and the Branch is not in possession of any information on the subject.

c) It will, however, be seen from the file that the Financial Secretary was present at the meeting. If approved this may be submitted to the Fin. Secy for note

NOTE—Contn. sheet

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subd

The Rev: Secretariat wan
particulars about the rep
given to the mining Boar
deputation in connection w
income tax.

The file was refd to the
Chief Secy who has refd it
the H Secy.

The file was sent back
to the Rev: Secty with the
remarks of the Finl Secy.

The Rev: Secty wanted the
file to be sent to the Chief
Secty. Neither the Chief Secy
nor the Rev Secty receives the
file.

H.Q.
17/7/1920

Subd for orders to the
Chief Secretary

mad
17.7.20

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Supt

I don't see why this has been returned by the Rev Scott. It is from the Rev Scott that I am desirous of hearing.

1576

To the Rev Scott the chief
His was the
It is the Chief Secy who
has Such this is the fair
Secy is the Correspon
Secy with
Secy

Serial No.

as to the result of the meeting.

BM.
9/7/20

Rev. Secy

Wm 9.7.20.

Ch. Secy (with Compliments) (2) Wm 9.7.20

67-20

(3) H. Secy with compliments

Hy. 10/7

1/ 10/7 H. Secy

read 12/7/20

(4) I think the Chief Secy was also present on the occasion I think the deputation was informed that the exemption applied for was not possible. But no definite reply was given to the deputation I believe it was made sufficiently clear that their request could not be complied with.

Mh.

read 13/7/20

13/7/20

Rev Secy

read 13/7/20

(5) I was also present at the time the upshot of the discussion was the

NOTE.—Contn. sheet.

Serial No.

~~But~~ the Mining companies did not like an additional taxation in the present circumstances when costs were increasing & an unfavourable exchange position affected their profits. It was ~~explained~~ pointed out to the deputation that the English Income tax act provided for a rebate in certain circumstances & that it was open to them to obtain a rebate of the tax paid in Nyasa. Mr Taylor said that if they got a rebate they had no objection to pay the Nyasa tax & they would be rather glad than otherwise that Nyasa got a return for the tax they ~~had to pay~~ were now paying to the British Exchequer.

(6) A reply may therefore be sent to the mining companies on the above lines & in regard to the rebate if they move the Govt of India the Duchess may also support their request.

C.S.L.
19/7.

Receive with compliments

NOTE.—Contn. sheet.

Serial No.

(7) Thanks. I think it will be appropriate if the proposed reply is sent from the Legn. Section now, as it relates to certain matters discussed in connection with the passing of the Regulation itself. Any further reference from the Mining Board regarding rebate etc will, of course, be taken up & dealt with in the Separate Revenue (Income Tax) Section, as it will relate to the working of the Regn. I have however, no objn to issue the present reply also from this Section, if the Ch. Secy thinks it may be done.

19.7.20

Ch. Secy.)
with compts.

(8) Noted for issue suggested. Kindly
Legislative Section
& draft bring them

20

(9) Please put up as draft to-morrow. Ind. 8.8

D. 21/7/20

(10) Draft reply issued
for
20

NOTE.—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

File No. 880 of 191

56

Serial No.

21) Subd Corrn as Draft
D. M.
21/7
Chief Secy

22) Subd Corrn as fresh Draft
D. M.
26/7
Chief Secy

23) Ist Member 2nd Member Dewan In approval

880/26/7

24) May be submitted to the 2nd member
26/7
D. M.
26/7
7.7.20

II Member
D. M.
27/7
575-230. 27.7.20

25) The draft seems to me to be suitable
Rees
28.7.20.

Dewan

DEWAN'S OFFICE.
Recd. on JUL 30 1920
Reg. No. 678
(D.O.C. N 48).

30/7/20
D. M.
30/7
26) The draft may perhaps be considered in Council before some remarks are made on it
Rees
31.7.20

3rd Member

858/3.8.20

3/8
D. M.
3/8

4/8

NOTE—Contn. sheet.

57

Extract from the Proceedings of the 537th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 5th August 1920. ~~19~~ .

17. Subject. - Clause xii of the Schedule.

Reply to the Gold Mining Board on their representation in regard to the levy of income-tax.

Opinion of the Council.

The draft as revised in Council may be approved.

(Sd.)M.Kantaraj Ur
Dewan of Mysore.

"EXTRACT"

C S Balasundaram Jr

Chief Secretary to Government.

WD 1148—GPB—1,000—23-12-18

58

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

To the Asst Secy. P.&C. Branch

Draft letter is submitted.

19/8/20

Putup D.F.N.

13/8

13/8.

Please put up D.F.N. to-day to have the draft letter re-typed

D.M. 13/8

Sept 13/8

Subd. with a D.F.N. the draft letter has also been sot-retyped.

13/8

13/8

Subd with D.F.N.

D.M. 13/8

Secy

3rd Member

Note:-

1166 16.8.20.

D.F.N. to be kindly typed before subn to members

D.M. 13/8

typed 14/8/20

15/8

D.M. 13/8

typed D.F.N subd

13/8 D.M.

Final Note signed by the Member is putup.

D.S.N. 16.8.20

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. III-2]

C 154

57

General and Revenue Secretariat.

File No. of 191

Serial No.

Submitted with D.O. No. [illegible]

D.M.

Chief Secy

Dewan)

DEWAN'S OFFICE
Rcd. on AUG 21 1920
Reg. No. 2008

Vide

Chief Secy 2008

D.M. 2008.

NOTE—Contn. sheet.

Submitted to His Highness.

I submit herewith a Final Note by the Third *Member of Council on the subject of* reply to the Kolar Gold Fields Mining Board on their representation in regard to the levy of Income-tax, *for His Highness' gracious approval.*

Dewan.

23.6.20

A77

Final Note by the Third Member of Council.

Subject:-

Reply to the Kolar Gold Field Mining Board on their representation in regard to the levy of Income Tax.

Page 46 of Office Notes

As already stated in my final note dated the 15th June 1920, the deputation of the Mining Board was received on the 15th April 1920. The deputation represented that it would be hard on them to pay Income-tax in Mysore in addition to what they have to pay in the United Kingdom, especially in view of the present rise in the working expenses and an unfavourable exchange. It was pointed out to the deputation that the English Income Tax Act provided for rebate under certain circumstances and that it was open to the Mining Board to obtain in England a rebate of the tax paid in Mysore. In that case the Board had no objection to pay the Mysore Income Tax.

14 2. The Board have now asked for a formal reply in regard to their representation and it is proposed to send the accompanying reply.

Draft for approval & page 57 of Office Notes 3. The draft reply has been revised in Council and it may be graciously approved.

MEMBER OF COUNCIL.

15th August 1920.

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Draft reply to the Kolar Gold Fields Mining Board on their representation in regard to the levy of Income-tax.

Order.

~~KRW~~

24/8/20

No 282

Chief secy
25-8-20

C 154

R. S. III-2]

General and Revenue Secretariat. | File No. of 19 .

Serial No.

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of His Highness' orders ~~after~~ before issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure .)

C S Balasundaram 28/8
Chief Secretary to Govt.

Through the Secretary to Government,

.....Department.

FIRST MEMBER OF COUNCIL

1366-365
30.8.20

SECOND MEMBER OF COUNCIL Seen
31.8.20

1518
28.8.20

THIRD MEMBER OF COUNCIL.

Issue orders
28/8
31/8/20

NOTE—Contn. sheet.

31/8

G. R. S. III-2

General and Revenue Secretariat.

~~Legis~~ File No: 275 of 1918

Serial No.

14

To

The Secretary, K. G. F. Board, Bangalore

No. G. 4910 dt 1-9-20.

Regrets that no special exemption can be granted to the mining Companies & as regards the objections raised about double levy, in reference to S. 55 of the Engl. Income Tax Act 1918 (8 & 9) Geo V chap 40).

NOTE—Contn. sheet.

COMMUNICATIONS TO BE ESSED TO THE SECRETARY.

Telegraphic Address :— COMMITTEE," OORGAUM.

C.S. 275-8-1

C.S./1759/19

Messrs. JOHN TAYLOR & SONS COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

Sub D Dem C.S./1759/19

MAY. 10. 1919.

THE CHIEF SECRETARY TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

MYSORE INCOME TAX BILL.

I have the honour to communicate to you herewith a telegraphic message which we have received by cable from Messrs John Taylor & Sons, London, Managers of all the operating Companies on the Kolar Gold Field:-

"REFERRING TO BILL UNDER WHICH WE UNDERSTAND YOUR
"GOVERNMENT PROPOSES TO IMPOSE AN INCOME TAX IN
"MYSORE WE ARE REQUESTED BY ALL GOLD MINING COMPANIES
"UNDER OUR MANAGEMENT TO SUBMIT THAT TO THIS PROPOSAL
"IN ITS PARTICULAR APPLICATION TO MINES THERE ARE
"GRAVE OBJECTIONS MINES ARE WASTING ASSETS AND
"ALREADY PAY THEIR FULL QUOTA OF TAXATION IN THE
"SHAPE OF ROYALTY ON GOLD PRODUCED PLUS TAX ON
"PROFITS - IT IS BECOMING INCREASINGLY DIFFICULT TO
"KEEP WORKING COSTS WITHIN BOUNDS WITH THE GREATLY
"ENHANCED COST OF ALL SUPPLIES AND THE INCREASING
"DEPTH OF THE MINES - ANY FRESH BURDEN TAXATION

"WOULD THEREFORE HAVE SERIOUS EFFECT UPON LIFE
"OF MINES IT WOULD ALSO PREJUDICE RAISING
"ADDITIONAL CAPITAL WHICH MAY BECOME ESSENTIAL -
"DIRECTORS AND OURSELVES RESPECTFULLY BUT MOST
"STRONGLY URGE THAT MINING COMPANIES SHOULD
"BE EXEMPT FROM PROVISION OF THE BILL".

In regard to the above message Messrs John Taylor & Sons are anxiously awaiting a reply by cable and I am therefore instructed to ask for the favour of a communication from Government at as early a date as possible.

I am further instructed to inform you that figures and statistics in support of the arguments put forward by Messrs John Taylor & Sons are available here and can be submitted to Government at their convenience either personally by chosen Representatives from this Committee or in writing.

I have the honour to be,

Sir,

Your most obedient servant,

Ag. SECRETARY & TREASURER.

M.N.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to..... .....

GENERAL AND REVENUE SECRETARIAT

( )

the 191 .

Date of issue 28/5/19

Signed by W Treweeke

B.

Section G.)

File No. 275-18

Serial No. 2

No. H 6388

28 May

To

The Secretary & Treasurer

messrs. John Taylor & Sons.

Committee Corgaum.

Sir,

With reference to your letter dated the 10th may 1919 addressed to the Chief Secretary to the Govt of mysore urging for the reasons given therein that Mining companies should be Exempt from the ~~proposed levy~~ provision of Mysore income tax Bill - I am directed to state that Govt are not prepared to Exempt the mines from the income tax but that before the bill is finally passed over!

for

~~The~~ will be prepared to receive the representatives of the Mining Board and hear their objections if any.

I have ch
M
27/5
for J. Seely

No 76390
dy 29 May/19

copy to the Clerk Secrett.

May.

List of enclosures.

Copied by

Examined by.

WD 1744—GPB—30,000—19-3-19

G.F. 175-8-3

D 3197

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address :—
"COMMITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM.
PROVINCE OF MYSORE,
INDIA.

GEN. SECTN
Fin. Secy
4 JUN 1919

JUNE. 2. 1919.

THE FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
B A N G A L O R E.

71751

Sir,

MYSORE INCOME TAX BILL.

I have the honour to acknowledge receipt of your letter, No.Fl .6388, dated 28th May, and beg to express my Committee's thanks for Government's willingness to receive a Deputation.

In this regard I am to mention that as the Deputation will be acting as Representatives of the London Managers, Messrs John Taylor & Sons, it will be on their behalf and as Members of this Committee that they propose to attend, and not as Representatives of the Mining Board as referred to in your letter.

I shall be glad to hear in due course on what day it will be convenient for Government to receive the Deputation which it is urged, seeing the matter is of vital importance to the Mines, should be as soon as

possible.

I have the honour to be,

Sir,

Your most obedient servant,

Ag. SECRETARY & TREASURER.

M.N.

D. 3198.

W. S 178-18 Rundydroog Mine.

Dorgaum.

31st May 1919.

P. Raghavendra Rao Esqr. B.A., B.L.

Member of Council.

Govt: of H. H. The Maharaja of Mysore

Bangalore.

Dear Mr. Raghavendra Rao,

Since I saw you on Monday last, when you were kind enough to grant me an interview, we have received a reply from the Financial Secretary to Government, as per copy enclosed.

We understand the next procedure is to interview the Dewan, and this we now propose to do.

Yours sincerely,

Chas. A. Richard.

Chairman

Messrs. John Taylor & Sons Confdl.

Dorgaum.

Read 2.6.19

with compliments.

2.6.19

Secy

J. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

( )

the *191* .

Date of issue.....31-5-19.....

Signed by.....Sri P. Mahadevayya

Section ~~G~~ 7.

File No 275 ~~G~~

Serial No. 5

No. 2072 Genl/

To

Lt Col C Richards ~~Engr~~

Supdt, Nandidrug Mines

~~H G~~ 7

Sir,

With reference to your interview with the Secretary Member of Council regarding the Coorg Land Revenue Income Tax Bill, I am directed to forward herewith, ~~a~~ for information, a copy of the Genl Secretary's ~~this office~~ letter no 7L 6388 issued to Messrs John Taylor & Sons Committee, ~~London~~ Coorg, on the 28th instant, in reply to his

over.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Section G I

File No. 275-18

Serial No. 6

GENERAL AND REVENUE SECRETARIAT

( )

the *191*

No. H 12

Date of issue 1st July 19

Signed by W Greenway

To

The Secy. & Treasurer.

Messrs John Taylor & Sons'

committee.

Gorgaum.

Sir,

With ref. to your letter
of 2nd June 1919 enquiring
when it would be convenient
to receive a deputation re
Income Tax, I am to state
that the date will be com-
municated later on after the Bill
is introduced and referred

over

paper

D 39

MMUNICATIONS TO BE
BED TO THE SECRETARY.

raphic Address :—
MITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

04282 97-275-8-7

JULY. 2. 1919.

THE FINANCIAL SECRETARY TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

MYSORE INCOME TAX BILL.

I have the honour to acknowledge receipt of your letter, No.Fl.12, of the 1st instant in reference to the subject of the Income Tax Bill.

I have the honour to be,
Sir,
Your most obedient servant,

Ag. SECRETARY & TREASURER.

L

D 5-6

JOHN TAYLOR & SONS,

TELEGRAPHIC ADDRESS
"ROLVAT, CANNON, LONDON."

TELEPHONE, CITY 4214.

ROBERT TAYLOR.
EDGAR TAYLOR.
HENRY CLAUDE TAYLOR.
ARTHUR ENFIELD TAYLOR.

6, Queen Street Place,
London, E.C.4.

5th June 1919.

GJ 225-18-7(a)

The Secretary to the
Government of H.H. the
Maharaja of Mysore,
Bangalore.

74/66

Sir,

We have the honour at the instance of the undermentioned Gold Mining Companies operating, under our Management, on the Kolar Gold Field,

Namely:-

Mysore Gold Mining Company, Limited.
Champion Reef Gold Mining Company of India, Limited.
Ooregum Gold Mining Company of India, Limited.
Nundydroog Company, Limited, and
Balaghat Gold Mining Company, Limited.

to submit the following representation for the favourable consideration of the Government of Mysore - regarding the proposal to levy an Income Tax in the Mysore State.- We have already forwarded, on the 5th May, the 27th May and to-day respectively, cable messages, of which copies are enclosed, in this matter, through our Kolar Gold Field Committee, but as there may be some interval before the Bill is finally passed by the Legislative Council, and as the

question involved is one of supreme moment to the Companies on whose behalf we are acting, we think it necessary to lose no time in forwarding a very respectful but firm remonstrance, against a measure which must, we believe, if carried out, prove to be fraught with danger not only to the prosperity but to the very existence of the most valuable industry in the Mysore State.

Recognising the desirability of compressing our observations into the shortest compass compatible with clearness, we propose to group them under three Headings:-

(1) Whether the proposed Income Tax, if applied to these Mines, can equitably be justified, looking to the special position which they occupy.

(2) The effect of such a Tax upon the prosperity and even the life of the Mines.

(3) The claims of the Mining Companies to special consideration in this matter.

As regards Heading (1) - It seems hardly necessary to recapitulate here the conditions under which Gold Mining started in Mysore, the risks inseparable from such an enterprise and the varying fortunes of what was necessarily a speculative venture - Success was only achieved by a combination of determined effort supplemented by the aid of appliances which modern science and experience rendered available.

The leases originally issued ran out, and were renewed in 1910 on terms more favourable to the State, and which included

not only a royalty of 5% on the gross output, but also royalty of 2½% on the dividends, which latter was, in effect, an Income Tax. We are justified in asserting that the conditions agreed upon satisfied in full at that time the Seigniorage prerogative of His Highness the Maharaja's Government. There was certainly neither then nor subsequently any reservation asserted of the State right to levy an Income Tax in addition to royalty. Indeed it may be claimed that the terms then agreed to, included all possible levies during the currency of the Leases, and it is impossible therefore, for the Companies to regard the present proposal as anything short of an addition to the royalty then fixed. We should be the last to controvert the fundamental principle, that it is incumbent upon any Firm or individual to contribute a fair share of the taxes imposed in a territory where their or his business is carried on, and from whose administration protection security and other benefits are derived. But with due deference to the high authority we are addressing, we must maintain that at the present stage of the Gold Mining industry in Mysore, which has been in operation for nearly 40 years, to impose upon it an entirely unforeseen burden in the shape of an Income Tax, would be an inequitable proceeding.

This brings us to our second Heading, which concerns the present economic position.

If there should be any question as to the rapid decrease of recent years in the Returns and Profits in the Kolar Gold Field Mines under our management, consequent on the lower grades

of ore, and especially the increased costs of working, such doubt can readily be solved by reference to the published Reports and Accounts, which are in the hands of your Government. It is sufficient to say here that owing to the ascending scale of wages, and the enhanced prices of all machinery and materials used in Mining, there are already large blocks of ore which, before 1914, could have been worked at a profit, but are now unpayable. Any appreciable extension of a handicap which now requires the most careful watching and forethought, is very strongly to be deprecated. The wasting character of mining assets is a matter of common knowledge. There is always the possibility that at some stage of the proceedings, in coping with requisite developments, it may be necessary to embark upon further capital expenditure, and the introduction of any measure, affecting the outlook, would naturally render it more difficult and even impossible to raise fresh capital. There can be no standing still in working a mine. Continued progress and activity are essential features of the undertaking, and it is perhaps hardly necessary to mention that as depths increase expenditure is necessarily on an upward grade. A full measure of world wide experience is available to the Companies in regard to scientific processes, and labour saving devices, whilst minute attention is continuously paid to every detail and fraction of economical working, we are therefore entitled to claim for the Companies that there is no waste of energy. But what the Companies cannot cope with is a sudden and unprecedented addition

to the costs of working, such as the proposed Income Tax, which would necessarily render the outlook clouded and uncertain.

The foregoing remarks convey, in summarized form, an indication of the delicate position in which the Mining Companies at present stand. We have every hope that, notwithstanding the commercial disturbances occasioned by the War, provided the great caution now exercised is maintained, and nothing untoward happens, both the State and the Companies will continue to derive advantage from the Mines, but underlying this assurance there is an essential stipulation that there should be no addition to the heavy load of charges which the industry is now called upon to bear.

There remains now, in completing this representation, our third Heading - the special claims for consideration which the Companies venture to expect from the Mysore Government.

The relations between the Mysore Government and the Companies have always been entirely harmonious, a fortunate condition promoted - as the Companies gratefully recognize - by the enlightened administration of the Government authorities - and this of itself emboldens us to place, without any reserve, our case before Government in the confident expectation that it will be taken up and decided on its merits.

The Government and the Companies have had reciprocal sources of advantage. For instance, the Cauvery Electric Scheme has, of recent years, developed in directions other than the Kolar Gold Field, but the scheme would probably not have been carried out when it was undertaken, had it not been for an assured and

profitable market for electricity on the Gold Field. Then there were other items such as the water supply on the Field. The enhanced Abkari Revenue, and the remunerative employment offered to the population in the neighbourhood - which have been mutually advantageous to the State and Companies.

We hope we are not putting the case too high if we venture to assert that whilst it has been a privilege for the Companies to carry on their operations in a model Indian Chiefship, the connection has been one of a satisfactory character for that Government.

In conclusion, what in effect we now ask is that the considerate treatment which has been extended to the Mines for many years past, may not be interrupted, at a time when economy in their management is of paramount importance - and that in view of the facts and arguments herein brought to notice, the Government of His Highness the Maharaja may be pleased to exempt the Mines concerned from the operation of the proposed Income Tax in Mysore.

We have the honour to be,

Sir,

Your obedient Servants,

John Taylor & Sons

COPY of Cablegram despatched to the Kolar Gold Field Committee, on the 5th May 1919.

"Referring to Bill under which we understand your "Government proposes to impose an Income Tax in Mysore we "are requested by all Gold Mining Companies under our Manage- "ment to submit that to this proposal in its particular "application to Mines there are grave objections Mines are "wasting assets and already pay their full quota of taxation "in the shape of royalty on gold produced plus Tax on profits "STOP It is becoming increasingly difficult to keep working "costs within bounds with the greatly enhanced cost of all "supplies and the increasing depth of the Mines STOP Any "fresh burden taxation would therefore have serious effect "upon life of Mines it would also prejudice raising additional "capital which may be essential STOP Directors and "ourselves respectfully but must strongly urge that Mining "Companies should be exempt from provisions of the Bill kindly "cable reply Message ends".

COPY of Cablegram despatched to the Kolar Gold Field Committee, on the 27th May 1919.

"Refer terms cable fifth instant Income Tax reply "immediately whether Bill has been passed STOP Prior "to enactment as vital interests affected all Companies "are compelled offer emphatic protests to both Mysore "Government and Government of India inform Secretary "Mysore Government accordingly and urge our claims to a "hearing before Bill passes".

COPY of cablegram despatched to Kolar Gold Field Committee, on the 5th June 1919.

"Reference cables 5th and 27th May inform Secretary Mysore
"Government we are posting to-day considered protest against Income
"Tax on Min s with special reference to inequitable character levy
"in addition to royalties payable under existing leases".

D 1933

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE." OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

DECEMBER.6.1919.

Cu) Secl Sec'l com

97 275-18-8

THE OFFG. FINANCIAL SECRETARY

1531 TO THE GOVERNMENT OF MYSORE,

BANGALORE.

Sir,

MYSORE INCOME TAX BILL.

With further reference to your letter, No.F.L.12, dated the 1st July, I have the honour to inform you that Mr. Henry C. Taylor of Messrs John Taylor & Sons is now at the Mines and my Committee will be very much obliged to be informed whether there is anything further which can be communicated to him regarding the proposed Income Tax Legislation more particularly with reference to Messrs John Taylor & Sons' letter dated the 5th June.

I have the honour to be,
Sir,
Your most obedient servant,

Ag. SECRETARY & TREASURER.

U.P.

G † 275-18-9

DRAFT.

Dis R 3900

29 Dec/19

From

The Finanial Secretary to Govt.

Bangalore.

~~G†~~

To

The Secretary and Treasurer,

Messrs John Taylor & Sons' Committee,

Oorgaum.

S i r,

I am directed to acknowledge the receipt of your letter dated the 6th December 1919, ~~I am to refer to letter No. dated the~~ .....in which it has been stated that the Government will be glad to consider the points urged by Messrs John Taylon & Sons when the Bill is under consideration in the Legislative Council.

I have, etc.

Financial Secretary to Govt.

and to state that a date will be given for hearing the deputation after the bill is introduced in the Legislative Council as intimated already in my letter No. Fl. 12 dated the 1st July 1919.

20-12-19

D 2167

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

DECEMBER.31.1919.

THE OFFG. FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

MYSORE INCOME TAX BILL.

I have the honour to acknowledge receipt of your letter, No.3900, of the 29th instant, contents of which are noted.

I have the honour to be,
Sir,
Your most obedient servant,

Ag. SECRETARY & TREASURER.

U.P.

No Fe 7304/19-275-8-19.

7th April 20.

THE SECRETARY & TREASURER,
Messrs. John Taylor & Sons' Committee,
Organum.

In continuation of my letter No.Fl.3900 dated 29th December 1919, I am directed to state that the Government will be glad to -- receive the deputation on Thursday the 15th instant at 12 noon in the Public Office Buildings, Bangalore.

I have the honour to be,

S i r,

Your most obedient servant,

NR.

Financial Secretary.

D 3454.

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

APRIL. 10. 1920.

12 APR 1920

THE FINANCIAL SECRETARY,

275.18 TO THE GOVERNMENT OF MYSORE,

BANGALORE.

Sir, §7 n 5-18-12

Henry 18/12/4/20 MYSORE INCOME TAX BILL.

I have the honour to acknowledge receipt of your letter, No.7304/G.F.275-18-10, of the 7th instant, and to state, in reply, that the Deputation appointed by the Committee, and consisting of Mr.Henry C.Taylor, Mr.W.T.Pritchard and Mr.Ralph Nye, will be pleased to wait upon you at the Public Office Buildings, Bangalore on Thursday next the 15th instant at 12 noon.

I have the honour to be,

Sir,

Your most obedient servant,

SECRETARY & TREASURER.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Telegraphic Address :
"MINBOARD," OORGAUM.

THE KOLAR GOLD FIELD MINING BOARD,
OORGAUM,
MYSORE STATE,
S. INDIA.

30th June, 1920.

Rec'd 1 JUL 1920

S7 29518-13

The Chief Secretary
to the Government of Mysore,
Bangalore.

Sir,

With reference to the Mysore Income Tax Regulation which has recently been passed, I have the honor to call your attention to the representations made by the deputation which was received by the Dewan and Members of Council on April 15th last, on the position of the Mining Companies in connection with the Regulation, to which no reply has yet been received, and to request that the matter may have the favor of your kind attention at an early date.

I have the honor to be,
Sir,
Your most obedient servant,

SECRETARY.

S.A.

Leg Dept 1910/~~Secret~~
97275-1814

To

The Secretary,

Kolar Gold Field Mining Board,

Oorgaum.

Sir,

With reference to your letter dated 30th June 1920 regarding the representations made by the Mining Board deputation on the 15th April 1920 about the position of the Mining Companies in connection with the Mysore Income-tax Regulation, I am directed to state that the above Regulation is a legislative measure of general application throughout the State and Government regret that no special exemption can be granted as regards the incomes of the gold mining companies.

As regards the objections raised about double levy, I am to invite reference to Section 55 of the English Income Tax Act, 1918 (8 & 9 Geo:V Chapter 40), under which the Mining Companies can claim a rebate from the United Kingdom to the extent of the income-tax payable in Mysore.

I have etc.,

CSB 14/8/20

Chief Secretary to Govt.

8 1-9-20
mr CSB

D.M. 14/8

CP.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

In recording the papers relating to the question of the levy of Income Tax, those which relate to the preparation of the Income Tax Bill have been separated and formed into a collection in the Legislative Section. In all are also included the papers relating to the Delhi Conference.

The remaining papers, viz, those relating to the liability of the mining companies to pay the Income Tax were mostly dealt with in the Finl Secty's letter No. 27 dated 25th ultimo, disposing of the question. The latter file with the papers

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

papers relating to the question
have been put together for
being recorded as a single collection.
and. They may kindly
be arranged to be recorded.

AAS
26/1/

To the Supdt, Int Secrt
with compliments.

The file
was transferred
to the Census Branch
& may be kindly
recorded there.

HM
26-1-21. To Mr S. Supdt
with compliments.

The file shows that marriage
returns have been dealt with
under 47-275-18. The file does not
not however been transferred as stated above
but is still in this Branch in the matter
of correspondence on the subject has
from the beginning dealt with in
this Secrt, it seems the papers have to
be recorded there.

To the Supdt Int Secrt